

Message Text

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PAGE 01 JIDDA 03713 181441Z
ACTION NEA-11

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FM AMEMBASSY JIDDA
TO SECSTATE WASHDC NIACT IMMEDIATE 2085

C O N F I D E N T I A L JIDDA 3713

STADIS////////////////////////////////

FOR AMBASSADOR WEST - NEA/ARP

E.O. 11652: GDS
TAGS: ASIG, BEXP, SA, US
SUBJECT: REPORT OF INSPECTOR GENERAL OF THE FOREIGN SERVICE

REF: (A) STATE 113210 (B) JIDDA 3368 (C) STATE 117708
(D) STATE 124291

1. EMBASSY IS RESPONDING TO REFTELS (A) AND (C) IN TERMS OF
ADDITIONAL SERVICES WHICH WE MIGHT RENDER TO BUSINESSMEN BUT
WHICH WE ARE NOT NOW ABLE TO OFFER EITHER FOR LACK OF PERSONNEL
OR PHYSICAL ASSETS. THAT IS THE SUBSTANCE, TO OUR MIND, OF
THE INSPECTOR GENERAL'S THINKING WHICH HE WROTE QUOTE
SPECIFICALLY, THE DEPARTMENTS OF STATE AND COMMERCE SHOULD
CONSIDER ESTABLISHING A BUSINESS FACILITIES OFFICE, OR OFFICES,
IN SAUDI ARABIA TO PROVIDE FACILITATIVE SERVICES TO AMERICAN
BUSINESSMEN. END QUOTE. (SEE REFTEL A).

2. EMBASSY HAS ALREADY INDICATED IN GORM EXERCISE
(SEE JIDDA 3614) THOSE PERSONNEL ASSETS IT CONSIDERS
ESSENTIAL IN PROVIDING THE ADDITIONAL SERVICES SUGGESTED
BY THE INSPECTOR GENERAL. SUCH SERVICES WOULD, IN THE
MAIN, BE OFFERED ON A REIMBURSABLE BASIS (E.G.,
BUSINESSMEN WOULD PAY FOR SERVICES RENDERED). IN ORDER
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TO PROVIDE SECRETARIAL AND DUPLICATING SERVICES, LIMITED
MESSING FACILITIES, TELEX AND TELEPHONE COMMUNICATIONS,
OFFICE SPACE, EXPANDED LIBRARY AND INFORMATION RETRIEVAL
SERVICES, WE ESTIMATE THE FOLLOWING PERSONNEL REQUIREMENTS:

AMERICAN:
ONE ECONOMIC/COMMERCIAL OFFICER

ONE SECRETARY

FOREIGN SERVICE LOCALS:

ONE ARAB COMMERCIAL CONSULTANT/TRANSLATOR

ONE LIBRARIAN/CLERK

ONE MESSENGER/DRIVER

3. SOME MATERIAL SUPORT AND OPERATING FUNDS WOULD ALSO BE REQUIRED. EMBASSY NOTES THAT APPARENTLY STATE DOES NOT RECEIVE SAS FUNDS FOR COMMERCIAL ACTIVITIES PRESENTLY CARRIED OUT. IN PAST, EMBASSY ALSO NOTED UTILITY OF REPRESENTATIONAL FUNDS WHICH MIGHT BE DEDICATED SOLELY TO ECONOMIC/COMMERCIAL EFFORTS.

A. EMBASSY WOULD LIKE TO ESTABLISH A SIMPLE, READOUT COMPUTER SYSTEM TO BE INSTALLED ON CONTRACT AND ALLOW FOR TRAINING OF FSL TO FED IN AND RETREIVE INFO PLACED IN DATA BANK SUCH AS TRADE OPPORTUNITIES, SAUDI TRADE LEADS, U.S. TRADE OFFERS, WTDR'S, AND OTHER COMMERCIAL DATA. OUR PRESENT CARD INDEX FILES, TRADE LISTS AND BASIC DATA COVER 342 U.S. FIRMS IN SAUDI ARABIA, ABOUT 3,000 AGENTS FOR U.S. FIRMS, WTDR INFO ON 1500 FIRMS AND ADS.

B. EMBASSY WOULD LIKE TO EXPAND PRESENT QUARTERS FOR SMALL EXHIBITS, MODEST SAMPLE DISPLAYS, AUDIO-VISUAL
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PRESENTATIONS AND BUSINESS RECEPTIONS, UTILIZING VTR AND PORTABLE CINEMA.

C. TRANSPORTATION IS CRITICAL. IN PAST, EMBASSY SOUGHT STATION WAGON/CARRYALL TYPE VEHICLE AND DRIVER DEDICATED SOLELY FOR COMMERCIAL ACTIVITIES. WITH OVER 17 MAJOR TRADE MISSIONS AND OR SEMINARS IN PAST TWO YEARS, THE HANDLING OF BUSINESS VISITORS, BAGGAGE AND PRINTED MATERIALS (BROCHURES, CATALOGS, PRINTOUTS, ETC.) HAS BEEN NOTHING SHORT OF HORRENDOUS GIVEN THE FACILITIES WITH WHICH WE HAVE HAD TO WORK.

4. THIS MESSAGE DOES NOT REPEAT NOT DISCUSSS WHERE SUCH BUSINESS FACILITATIVE OFFICE, OR OFFICES, WOULD BE LOCATED--

BUT AT MINIMUM, WE RECOMMEND EXPANSION OF COMMERCIAL CENTER AT JIDDA BECAUSE IT IS STILL THE PREDOMINANT BUSINESS LOCALE. HOWEVER, IF A SEPERATE FACILITY IS CONTEMPLATED, REQUIRING YET ADDITIONAL SPACE IN EITHER LOCATION, RENTAL COSTS WILL BE SIGNIFICANT (A HOUSE CONVERTED TO OFFICE SPACE, FOR EXAMPLE, WOULD RUN \$35,000 TO \$40,000 PER ANNUM, PAYABLE THREE YEARS IN ADVANCE). NOR HAVE WE ADDRESSED PERSONNEL

AND EQUIPMENT FOR EXPANDING COMMERCIAL SERVICES AT DHAHRAN, IF THAT WERE CONSIDERED DESIRABLE. DESPITE IMPROVEMENT IN TELEPHONE SERVICES, A LINK UP BY TELEX EQUIPMENT FOR U.S. OFFICES AT JIDDA, DHAHRAN AND RIYADH WOULD BE DESIRABLE FOR COMMERCIAL AS WELL AS OTHER SERVICES. QUICK EXCHANGE OF COMMERCIAL INFORMATION AMONG OUR OFFICES WOULD GIVE U.S. BUSINESSMEN A LEG UP ON TOUGH FOREIGN COMPETITION IN SAUDI MARKET.

5. U.S. TRADE WITH SAUDI ARABIA IS GROWING: 1974, \$835 MILLION; 1975, \$1.5 BILLION; 1976, \$2.8 BILLION; AND 1977, \$3.6 BILLION. EMBASSY EXPECTS U.S. EXPORTS TO KINGDOM TO TOP \$4.0 BILLION IN 1978. HOPEFULLY, SEVERAL BILLION IN NEW CONSTRUCTION CONTRACTS WILL BE
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GAINED BY U.S. FIRMS. IT IS A "CRASH" MARKET BY AND LARGE--NO COMMERCIAL ARREARAGES OR EXCHANGE PROBLEMS. EMBASSY TRADE PROMOTION PROGRAM HAS BEEN DESCRIBED ELSEWHERE: FY 1979 COUNTRY COMMERCIAL PROGRAMS, JIDDA 2019; TRADE OUTLOOK REPORT, JIDDA A-38 OF MAY 15, 1978; BEST PROSPECTS, WITH "HIGHEST POTENTIAL FOR INCREMENTAL EXPORT SALES", JIDDA A-93 OF SEPTEMBER 28, 1977; AND VIEWS ON INTERAGENCY TASK FORCE TO DEVELOP NATIONAL EXPORT POLICY, JIDDA 3034.
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